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22 September 1972

MEMORANDUM FOR: Deputy Director for Intelligence

SUBJECT : Briefing of Agriculture Official on  
PRC Grain Situation

1. Yesterday we has an urgent request from Carroll G. Brunthaver, Assistant Secretary of Agriculture for International Affairs and Commodity Programs, for an immediate briefing on Chinese crop conditions and prospects for sales of U.S. wheat to the PRC. [REDACTED]

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[REDACTED] of the Resources Branch of the China Division went over to Brunthaver's office and gave him our assessment. Brunthaver later called to say the briefing was "very good, very helpful, and very impressive."

2. Brunthaver told [REDACTED] that: (a) Louis Dreyfus and Co. (Paris) has made a second deal for 200,000 tons in addition to the first deal for 400,000 tons, with delivery dates unspecified but presumably before the first of the year, and (b) another unnamed company is negotiating for the delivery of a further 500,000 tons. In addition, Brunthaver cited the Mitsubishi firm as the source of a report that drought conditions in the PRC are worse than generally thought and that the PRC would be in the market for 3 million tons of wheat. If this wheat were for delivery before May 1973 -- and we do not think it would be -- Brunthaver says prices would be driven sky-high in view of the depleted condition of U.S. stocks.

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[REDACTED]  
Director  
Economic Research

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**Remarks:**

*file Soviet Grain Trade*

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